

B 1 (Official Form 1) (1/08)

United States Bankruptcy Court				Voluntary Petition	
Name of Debtor (if individual, enter Last, First, Middle): <b>KD7, LLC</b>			Name of Joint Debtor (Spouse) (Last, First, Middle):		
All Other Names used by the Debtor in the last 8 years (include married, maiden, and trade names):			All Other Names used by the Joint Debtor in the last 8 years (include married, maiden, and trade names):		
Last four digits of Soc. Sec. or Individual-Taxpayer I.D. (ITIN) No./Complete EIN (if more than one, state all): <b>45-0575407</b>			Last four digits of Soc. Sec. or Individual-Taxpayer I.D. (ITIN) No./Complete EIN (if more than one, state all):		
Street Address of Debtor (No. and Street, City, and State): <b>1033 Skokie Boulevard, Suite 620 Northbrook, Illinois 60062</b> <div style="text-align: right;">ZIP CODE <b>60062</b></div>			Street Address of Joint Debtor (No. and Street, City, and State): <div style="text-align: right;">ZIP CODE</div>		
County of Residence or of the Principal Place of Business: <b>Cook</b>			County of Residence or of the Principal Place of Business:		
Mailing Address of Debtor (if different from street address): <b>Same as street address</b> <div style="text-align: right;">ZIP CODE <b>60062</b></div>			Mailing Address of Joint Debtor (if different from street address): <div style="text-align: right;">ZIP CODE</div>		
Location of Principal Assets of Business Debtor (if different from street address above): <b>Same as street address</b> <div style="text-align: right;">ZIP CODE <b>60062</b></div>					
<b>Type of Debtor</b> (Form of Organization) (Check one box.)  <input type="checkbox"/> Individual (includes Joint Debtors) <i>See Exhibit D on page 2 of this form.</i> <input checked="" type="checkbox"/> Corporation (includes LLC and LLP) <input type="checkbox"/> Partnership <input type="checkbox"/> Other (If debtor is not one of the above entities, check this box and state type of entity below.)		<b>Nature of Business</b> (Check one box.)  <input type="checkbox"/> Health Care Business <input type="checkbox"/> Single Asset Real Estate as defined in 11 U.S.C. § 101(51B) <input type="checkbox"/> Railroad <input type="checkbox"/> Stockbroker <input type="checkbox"/> Commodity Broker <input type="checkbox"/> Clearing Bank <input checked="" type="checkbox"/> Other  <b>Tax-Exempt Entity</b> (Check box, if applicable.)  <input type="checkbox"/> Debtor is a tax-exempt organization under Title 26 of the United States Code (the Internal Revenue Code).		<b>Chapter of Bankruptcy Code Under Which the Petition is Filed</b> (Check one box.)  <input checked="" type="checkbox"/> Chapter 7 <input type="checkbox"/> Chapter 15 Petition for <input type="checkbox"/> Chapter 9      Recognition of a Foreign <input type="checkbox"/> Chapter 11      Main Proceeding <input type="checkbox"/> Chapter 12 <input type="checkbox"/> Chapter 15 Petition for <input type="checkbox"/> Chapter 13      Recognition of a Foreign Nonmain Proceeding	
				<b>Nature of Debts</b> (Check one box.)  <input type="checkbox"/> Debts are primarily consumer debts, defined in 11 U.S.C. § 101(8) as "incurred by an individual primarily for a personal, family, or house- hold purpose." <input checked="" type="checkbox"/> Debts are primarily business debts.	
<b>Filing Fee</b> (Check one box.)  <input checked="" type="checkbox"/> Full Filing Fee attached. <input type="checkbox"/> Filing Fee to be paid in installments (applicable to individuals only). Must attach signed application for the court's consideration certifying that the debtor is unable to pay fee except in installments. Rule 1006(b). See Official Form 3A. <input type="checkbox"/> Filing Fee waiver requested (applicable to chapter 7 individuals only). Must attach signed application for the court's consideration. See Official Form 3B.			<b>Chapter 11 Debtors</b>  <b>Check one box:</b> <input type="checkbox"/> Debtor is a small business debtor as defined in 11 U.S.C. § 101(51D). <input type="checkbox"/> Debtor is not a small business debtor as defined in 11 U.S.C. § 101(51D).  <b>Check if:</b> <input type="checkbox"/> Debtor's aggregate noncontingent liquidated debts (excluding debts owed to insiders or affiliates) are less than \$2,190,000.  <b>Check all applicable boxes:</b> <input type="checkbox"/> A plan is being filed with this petition. <input type="checkbox"/> Acceptances of the plan were solicited prepetition from one or more classes of creditors, in accordance with 11 U.S.C. § 1126(b).		
<b>Statistical/Administrative Information</b>  <input type="checkbox"/> Debtor estimates that funds will be available for distribution to unsecured creditors. <input type="checkbox"/> Debtor estimates that, after any exempt property is excluded and administrative expenses paid, there will be no funds available for distribution to unsecured creditors.					THIS SPACE IS FOR COURT USE ONLY
<b>Estimated Number of Creditors</b> <input type="checkbox"/> 1-49 <input type="checkbox"/> 50-99 <input type="checkbox"/> 100-199 <input type="checkbox"/> 200-999 <input type="checkbox"/> 1,000-5,000 <input type="checkbox"/> 5,001-10,000 <input type="checkbox"/> 10,001-25,000 <input type="checkbox"/> 25,001-50,000 <input type="checkbox"/> 50,001-100,000 <input type="checkbox"/> Over 100,000					
<b>Estimated Assets</b> <input type="checkbox"/> \$0 to \$50,000 <input type="checkbox"/> \$50,001 to \$100,000 <input type="checkbox"/> \$100,001 to \$500,000 <input type="checkbox"/> \$500,001 to \$1 million <input type="checkbox"/> \$1,000,001 to \$10 million <input type="checkbox"/> \$10,000,001 to \$50 million <input type="checkbox"/> \$50,000,001 to \$100 million <input type="checkbox"/> \$100,000,001 to \$500 million <input type="checkbox"/> \$500,000,001 to \$1 billion <input type="checkbox"/> More than \$1 billion					
<b>Estimated Liabilities</b> <input type="checkbox"/> \$0 to \$50,000 <input type="checkbox"/> \$50,001 to \$100,000 <input type="checkbox"/> \$100,001 to \$500,000 <input type="checkbox"/> \$500,001 to \$1 million <input type="checkbox"/> \$1,000,001 to \$10 million <input type="checkbox"/> \$10,000,001 to \$50 million <input type="checkbox"/> \$50,000,001 to \$100 million <input type="checkbox"/> \$100,000,001 to \$500 million <input type="checkbox"/> \$500,000,001 to \$1 billion <input type="checkbox"/> More than \$1 billion					

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<b>Voluntary Petition</b> (This page must be completed and filed in every case.)		Name of Debtor(s): KD7, LLC	
All Prior Bankruptcy Cases Filed Within Last 8 Years (If more than two, attach additional sheet.)			
Location Where Filed:		Case Number:	Date Filed:
Location Where Filed:		Case Number:	Date Filed:
Pending Bankruptcy Case Filed by any Spouse, Partner, or Affiliate of this Debtor (If more than one, attach additional sheet.)			
Name of Debtor: See attached addendum		Case Number:	Date Filed:
District:		Relationship:	Judge:
<b>Exhibit A</b>  (To be completed if debtor is required to file periodic reports (e.g., forms 10K and 10Q) with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 and is requesting relief under chapter 11.)		<b>Exhibit B</b> (To be completed if debtor is an individual whose debts are primarily consumer debts.)  I, the attorney for the petitioner named in the foregoing petition, declare that I have informed the petitioner that [he or she] may proceed under chapter 7, 11, 12, or 13 of title 11, United States Code, and have explained the relief available under each such chapter. I further certify that I have delivered to the debtor the notice required by 11 U.S.C. § 342(b).  X _____ Signature of Attorney for Debtor(s) (Date)	
<input type="checkbox"/> Exhibit A is attached and made a part of this petition.			

**Exhibit C**

Does the debtor own or have possession of any property that poses or is alleged to pose a threat of imminent and identifiable harm to public health or safety?

☐ Yes, and Exhibit C is attached and made a part of this petition.

☒ No.

**Exhibit D**

(To be completed by every individual debtor. If a joint petition is filed, each spouse must complete and attach a separate Exhibit D.)

☐ Exhibit D completed and signed by the debtor is attached and made a part of this petition.

If this is a joint petition:

☐ Exhibit D also completed and signed by the joint debtor is attached and made a part of this petition.

**Information Regarding the Debtor - Venue**

(Check any applicable box.)

☒ Debtor has been domiciled or has had a residence, principal place of business, or principal assets in this District for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other District.

☐ There is a bankruptcy case concerning debtor's affiliate, general partner, or partnership pending in this District.

☐ Debtor is a debtor in a foreign proceeding and has its principal place of business or principal assets in the United States in this District, or has no principal place of business or assets in the United States but is a defendant in an action or proceeding [in a federal or state court] in this District, or the interests of the parties will be served in regard to the relief sought in this District.

**Certification by a Debtor Who Resides as a Tenant of Residential Property**  
(Check all applicable boxes.)

☐ Landlord has a judgment against the debtor for possession of debtor's residence. (If box checked, complete the following.)

\_\_\_\_\_  
(Name of landlord that obtained judgment)

\_\_\_\_\_  
(Address of landlord)

☐ Debtor claims that under applicable nonbankruptcy law, there are circumstances under which the debtor would be permitted to cure the entire monetary default that gave rise to the judgment for possession, after the judgment for possession was entered, and

☐ Debtor has included with this petition the deposit with the court of any rent that would become due during the 30-day period after the filing of the petition.

☐ Debtor certifies that he/she has served the Landlord with this certification. (11 U.S.C. § 362(l)).

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**Voluntary Petition**

(This page must be completed and filed in every case.)

Name of Debtor(s):

KD7, LLC

**Signatures**

**Signature(s) of Debtor(s) (Individual/Joint)**

I declare under penalty of perjury that the information provided in this petition is true and correct.

[If petitioner is an individual whose debts are primarily consumer debts and has chosen to file under chapter 7] I am aware that I may proceed under chapter 7, 11, 12 or 13 of title 11, United States Code, understand the relief available under each such chapter, and choose to proceed under chapter 7.

[If no attorney represents me and no bankruptcy petition preparer signs the petition] I have obtained and read the notice required by 11 U.S.C. § 342(b).

I request relief in accordance with the chapter of title 11, United States Code, specified in this petition.

X \_\_\_\_\_  
Signature of Debtor

X \_\_\_\_\_  
Signature of Joint Debtor

\_\_\_\_\_  
Telephone Number (if not represented by attorney)

\_\_\_\_\_  
Date

**Signature of Attorney\***

X /s/ Jeff J. Marwil

Jeff J. Marwil (IL #6194054)

Winston & Strawn LLP

35 West Wacker Drive, Chicago, IL 60601

Telephone: (312) 558-5600

Facsimile: (312) 558-5700

Counsel for Lancelot Investment Management, LP

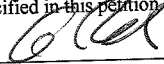
Authorized Representative of Debtor 10/20/2008

\*In a case in which § 707(b)(4)(D) applies, this signature also constitutes a certification that the attorney has no knowledge after an inquiry that the information in the schedules is incorrect.

**Signature of Debtor (Corporation/Partnership)**

I declare under penalty of perjury that the information provided in this petition is true and correct, and that I have been authorized to file this petition on behalf of the debtor.

The debtor requests the relief in accordance with the chapter of title 11, United States Code, specified in this petition.

X 

KD7, LLC

By: Lancelot Investment Management, LP, Authorized Representative of Debtor

By: Gregory Bell, President 10/20/2008

**Signature of a Foreign Representative**

I declare under penalty of perjury that the information provided in this petition is true and correct, that I am the foreign representative of a debtor in a foreign proceeding, and that I am authorized to file this petition.

(Check only one box.)

☐ I request relief in accordance with chapter 15 of title 11, United States Code. Certified copies of the documents required by 11 U.S.C. § 1515 are attached.

☐ Pursuant to 11 U.S.C. § 1511, I request relief in accordance with the chapter of title 11 specified in this petition. A certified copy of the order granting recognition of the foreign main proceeding is attached.

X \_\_\_\_\_  
(Signature of Foreign Representative)

\_\_\_\_\_  
(Printed Name of Foreign Representative)

\_\_\_\_\_  
Date

**Signature of Non-Attorney Bankruptcy Petition Preparer**

I declare under penalty of perjury that: (1) I am a bankruptcy petition preparer as defined in 11 U.S.C. § 110; (2) I prepared this document for compensation and have provided the debtor with a copy of this document and the notices and information required under 11 U.S.C. §§ 110(b), 110(h), and 342(b); and, (3) if rules or guidelines have been promulgated pursuant to 11 U.S.C. § 110(h) setting a maximum fee for services chargeable by bankruptcy petition preparers, I have given the debtor notice of the maximum amount before preparing any document for filing for a debtor or accepting any fee from the debtor, as required in that section. Official Form 19 is attached.

\_\_\_\_\_  
Printed Name and title, if any, of Bankruptcy Petition Preparer

\_\_\_\_\_  
Social-Security number (If the bankruptcy petition preparer is not an individual, state the Social-Security number of the officer, principal, responsible person or partner of the bankruptcy petition preparer.) (Required by 11 U.S.C. § 110.)

\_\_\_\_\_  
Address

X \_\_\_\_\_

\_\_\_\_\_  
Date

Signature of bankruptcy petition preparer or officer, principal, responsible person, or partner whose Social-Security number is provided above.

Names and Social-Security numbers of all other individuals who prepared or assisted in preparing this document unless the bankruptcy petition preparer is not an individual.

If more than one person prepared this document, attach additional sheets conforming to the appropriate official form for each person.

*A bankruptcy petition preparer's failure to comply with the provisions of title 11 and the Federal Rules of Bankruptcy Procedure may result in fines or imprisonment or both. 11 U.S.C. § 110; 18 U.S.C. § 156.*

**ADDENDUM**

The Following Affiliated Entities Have Filed Chapter 7 Petitions:

1. SWC Services, LLC, FEIN #76-0774039
2. Lien Acquisition, LLC (FEIN Never Obtained)
3. AGM, LLC, FEIN #20-1544067
4. AGM II, LLC, FEIN #20-1550594
5. KD1, LLC, FEIN #26-1184029
6. KD2, LLC, FEIN #26-1184097
7. KD3, LLC, FEIN #45-0575392
8. KD4, LLC, FEIN #45-0575394
9. KD5, LLC, FEIN #45-0575401
10. KD6, LLC, FEIN #45-0575405
11. KD7, LLC, FEIN #45-0575407
12. KD8, LLC, FEIN #26-1398381
13. RWB Services LLC, FEIN #61-1427216
14. Surge Capital II, LLC, FEIN #87-0782077
15. Colossus Capital Fund, L.P., FEIN #20-1802685
16. Colossus Capital Fund, Ltd. (Cayman Islands Entity)
17. Lancelot Investors Fund, L.P., FEIN #36-4467911
18. Lancelot Investors Fund II, L.P., FEIN #83-0347634
19. Lancelot Investors Fund, Ltd. (Cayman Islands Entity)

## CERTIFICATE OF RESOLUTIONS

I, Gregory Bell, a duly authorized officer of Lancelot Investment Management, LP, an authorized representative (the "Authorized Representative") of each of AGM, LLC, a Delaware Limited Liability Company, AGM II, LLC, a Delaware Limited Liability Company, KD1, LLC, a Delaware Limited Liability Company, KD2, LLC, a Delaware Limited Liability Company, KD3, LLC, a Delaware Limited Liability Company, KD4, LLC, a Delaware Limited Liability Company, KD5, LLC, a Delaware Limited Liability Company, KD6, LLC, a Delaware Limited Liability Company, KD7, LLC, a Delaware Limited Liability Company, KD8, LLC, a Delaware Limited Liability Company, RWB Services, LLC, a Delaware Limited Liability Company and Surge Capital II, LLC, a Delaware Limited Liability Company (each a "Company" and collectively, the "Companies"), hereby certify that on the 20th day of October, 2008, the Authorized Representative took the following actions and adopted the following resolutions with respect to each Company in accordance with the requirements of the Delaware Limited Liability Company Act, and that these resolutions have not been modified or rescinded and are still in full force and effect as of the current date:

WHEREAS, the Authorized Representative has reviewed and considered materials regarding the assets and liabilities of each Company, the strategic alternatives available to it, and the impact of the foregoing on each Company's businesses; and

WHEREAS, the Authorized Representative has had the opportunity to consult with financial and legal advisors and fully consider each of the strategic alternatives available to each Company; and

WHEREAS, as a result of the fraud perpetrated on the Companies, their corporate parents and their other affiliates by the Petters Company, Inc. ("PCI") and its principals and affiliates, in an exercise of business judgment consistent with each Company's fiduciary duties, and in an effort to best position a chapter 7 trustee as an independent fiduciary of each Company to obtain funding for and pursue investigation of PCI and its principals and affiliates;

NOW, THEREFORE, BE IT RESOLVED, that in the judgment of the Authorized Representative, it is desirable and in the best interests of each Company, its creditors, employees, and other interested parties that a petition be filed by such Company seeking relief under the provisions of chapter 7 of title 11 of the United States Code (11 U.S.C. §§ 101 *et seq.*, the "Bankruptcy Code").

BE IT FURTHER RESOLVED, that Gregory Bell and each officer and member of each Company (including Mr. Bell, each such person an "Authorized Person" and together, the "Authorized Persons") is hereby authorized, empowered and directed, in the name and on behalf of each Company, to execute and verify a petition and amendments and documents ancillary thereto under chapter 7 of the Bankruptcy Code (each a "Chapter 7 Case") and to cause the same to be filed in the United States Bankruptcy Court for the Northern District of Illinois at such time or in such other jurisdiction as such Authorized Person executing the same shall determine.

RESOLVED, that each Authorized Person, and such other officers or members of each Company as the Authorized Persons shall from time to time designate, and any other employees

or agents (including counsel) designated by or directed by any such officers or partners, be, and each hereby is, authorized, empowered and directed, in the name and on behalf of each Company, to execute and file all petitions, schedules, motions, lists, applications, pleadings and other papers, and to take and perform any and all further acts and deeds which he or she deems necessary, proper or desirable in connection with each Chapter 7 Case.

RESOLVED, that, any and all past actions heretofore taken by Authorized Persons or officers or members of any Company in the name and on behalf of such Company in furtherance of any or all of the preceding resolutions be, and the same hereby are, ratified, confirmed, and approved.

IN WITNESS WHEREOF, I have set my hand this 20th day of October, 2008.

/s/   
\_\_\_\_\_  
**Gregory Bell**